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DOCKET NO. 48400

JOINT APPLICATION OF RAYBURN	§	PUBLIC UTILITY COMMISSION
COUNTRY ELECTRIC COOPERATIVE	§	
INC. AND LONE STAR	§	OF TEXAS
TRANSMISSION, LLC TO TRANSFER	§	
LOAD TO ERCOT, FOR SALE OF	§	
TRANSMISSION FACILITIES, AND	§	
TRANSFER OF CERTIFICATE	§	
RIGHTS IN HENDERSON AND VAN	§	
ZANDT COUNTIES	§	

ORDER

This Order addresses the joint application of Rayburn Country Electric Cooperative, Inc. and Lone Star Transmission, LLC to transfer load and related facilities into the Electric Reliability Council of Texas region (ERCOT region), and for the sale of transmission facilities and transfer of associated certificate of convenience and necessity (CCN) rights in Henderson and Van Zandt Counties. Rayburn, Commission Staff, Oncor Electric Delivery Company LLC (Oncor), and Texas Industrial Energy Consumers (TIEC) (collectively, the signatories) filed an unopposed agreement in this proceeding. Lone Star, the Electric Reliability Council of Texas, Inc. (ERCOT), the Southwest Power Pool, Inc. (SPP), East Texas Electric Cooperative, Inc. (ETEC), and Mr. Jim Wise are the remaining parties in this proceeding and do not join in the agreement, but do not oppose it. As discussed in this Order, the transfer of Rayburn's load and associated facilities into the ERCOT region is approved; the sale of transmission facilities and associated CCN rights to Lone Star is denied.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Applicants

1. Rayburn is an electric cooperative organized under chapter 161 of the Texas Utilities Code that owns generation facilities and owns and operates transmission lines and related facilities in Texas.
2. Rayburn provides wholesale electric service to four members that are electric cooperatives organized under chapter 161 of the Texas Utilities Code: Fannin County Electric

Cooperative, Inc., Farmers Electric Cooperative, Inc., Grayson-Collin Electric Cooperative, Inc., and Trinity Valley Electric Cooperative, Inc. Rayburn's cooperative members provide retail electric service to over 183,000 meters in 14 counties north and east of Dallas. Trinity Valley's service area is located in the SPP region and the ERCOT region; the service areas of the other member cooperatives are located in the ERCOT region.

3. Rayburn is authorized to provide electric service under CCN number 30188.
4. Lone Star is a limited-liability company organized in Delaware.
5. Lone Star owns and operates approximately 624 miles of 345-kV transmission lines and related facilities in Texas within the ERCOT region.
6. Lone Star is authorized to provide electric service under CCN number 30196.

Background

7. Approximately 88% of Rayburn's load (approximately 710 MW in 2017) is currently located within the ERCOT region. The remaining approximately 12% (approximately 96 MW) of Rayburn's load is located in the SPP region (the transfer load).
8. Rayburn owns and operates 367 miles of transmission lines in Texas, 207 miles of which are located in the ERCOT region (190 miles of 138-kV line and 17 miles of 69-kV line). The remaining 160 circuit miles of 138-kV transmission lines are located in SPP, of which Rayburn seeks to integrate approximately 130 miles of these 138-kV transmission lines and related transmission facilities, substation facilities, and real property rights into the ERCOT region (the transfer facilities). The remaining 30-mile 138-kV Jackson-to-Overton transmission line will remain in the SPP region and is being addressed in Docket No. 48071.¹
9. Since the 1990s, Rayburn's load in the SPP region has been served through a power supply agreement between Rayburn and Southwestern Electric Power Company (SWEPCO). Rayburn's current contract with SWEPCO will terminate December 31, 2019.

¹ *Joint Application of NextEra Energy Transmission Southwest, LLC and Rayburn Country Electric Cooperative, Inc. to Transfer Certificate Rights to Facilities in Cherokee, Smith, and Rusk Counties*, Docket No. 48071 (pending). A proposed order is scheduled for consideration by the Commission at its open meeting scheduled for February 7, 2019.

10. In early 2016, Rayburn notified the Commission that it intended to explore integrating its transfer load and transfer facilities into the ERCOT region (the Rayburn integration).
11. At the July 20, 2016 open meeting, the Commission requested that ERCOT conduct a study to identify the transmission facilities necessary to integrate Rayburn's transfer load and transfer facilities into the ERCOT region while satisfying the transmission planning and reliability standards of ERCOT and the North American Electric Reliability Corporation.
12. Rayburn, working jointly with Lone Star, engaged the expert services of GL Pwr Solutions, Inc., a DNV GL Group Company, to perform an independent evaluation of the potential integration of Rayburn's transfer load and transfer facilities into the ERCOT region.
13. Rayburn and Lone Star jointly submitted the GL Pwr Solutions report to the ERCOT Regional Planning Group on August 12, 2016.
14. On June 22, 2017, the Commission initiated Project No. 47342² to consider issues relating to Rayburn's requested integration into the ERCOT region.
15. On June 27, 2017, ERCOT filed in Project No. 47342 its report entitled *ERCOT-RCEC Load Integration Study* (Integration Study). ERCOT's objective was to identify the most cost-effective set of new transmission facilities that would be required to integrate the transfer load and transfer facilities into the ERCOT region. In the Integration Study, ERCOT addressed the four transmission options it analyzed and stated that option 2 was its preferred option to integrate Rayburn's transfer load and transfer facilities into the ERCOT region. ERCOT stated that option 2 would require about \$38 million in capital investments. The Integration Study was presented to the Regional Planning Group, the Technical Advisory Committee, and the ERCOT Board of Directors.
16. At the August 15, 2017 open meeting, the Commission requested that ERCOT and SPP evaluate the costs and benefits of and conduct individual studies on the impacts of integrating the transfer load into the ERCOT region.
17. On March 1, 2018, ERCOT filed in Project No. 47342 its report entitled *ERCOT-SPP Coordinated RCEC Integration Analysis* (Integration Analysis), which analyzed the

² *Project to Identify Issues Pertaining to Rayburn Country Electric Cooperative, Inc.'s Proposal to Transfer Existing Facilities and Load into the Electric Reliability Council of Texas*, Project No. 47342 (pending).

impacts of Rayburn's integration into the ERCOT region under option 2. ERCOT determined that the annual production cost in the ERCOT region is expected to increase by approximately \$15 million in 2020 and \$16 million in 2025. ERCOT also estimated that the capital costs for option 2 would be \$38 million and that no planned system improvements could be avoided or deferred using option 2. In addition, ERCOT concluded that option 2 would not cause any reliability impacts or require any improvement projects. Finally, ERCOT stated that it had identified an alternative transmission option to integrate Rayburn into the ERCOT at a lower cost than option 2. Because it did not have time to study this option before the March 1 deadline, ERCOT stated it would conclude its study of this alternative option and file an updated analysis by May 1.

18. On March 1, 2018, the SPP filed its report entitled *Rayburn Country: Comprehensive Assessment*, which presented SPP's analysis of Rayburn moving to the ERCOT region. SPP determined there would be no reliability issues and there were no currently planned projects in the SPP region that could be avoided. SPP also concluded that the SPP region would realize an approximately \$15 million reduction in production costs but would see an increase of 0.25% in the annual transmission revenue requirement for all SPP customers and an increase of 1.1% for the AEP zonal rates.
19. On May 1, 2018, ERCOT filed in Project No. 47342 its addendum to the Integration Analysis entitled *ERCOT-SPP Coordinated RCEC Integration Analysis—Addendum* (Integration Analysis—Addendum), which analyzed the alternative transmission option (the Modified Alternative Option) and compared this alternative option to option 2. ERCOT used the same criteria in this analysis and concluded that annual production costs would increase in 2020 by approximately \$15 million using option 2 and by \$14 million using the Modified Alternative Option and would increase in 2025 by approximately \$16 million using option 2 and by \$17 million using the Modified Alternative Option. ERCOT concluded that neither option would avoid any planned system improvement or result in any reliability impacts or require any improvement projects. ERCOT estimated that the capital costs for option 2 were \$43.8 million and for the Modified Alternative Option were \$31.7 million. Because of the lower costs, ERCOT recommended the Modified Alternative Option.

20. On May 18, 2018, ERCOT filed a revised Integration Analysis—Addendum to correct an inaccuracy with respect to option 2: the Elkton-to-Tyler Switch line was not needed for reliability and should not have been included in the analysis of option 2. ERCOT removed this line from the analysis, which reduced the capital costs for option 2 by \$2.1 million, to \$41.7 million. ERCOT continued to recommend the Modified Alternative Option because of its lower costs.
21. ERCOT recommended the Modified Alternative Option as its preferred interconnection option for the following reasons:
 - a. the Modified Alternative Option can reliably integrate the transfer load and transfer facilities into the ERCOT region;
 - b. the Modified Alternative Option has similar reliability and long-term load serving capability as option 2; and
 - c. the Modified Alternative Option has a lower total estimated capital cost compared to option 2.
22. The Modified Alternative Option requires the following construction or upgrades:
 - a. Extend bus work and add a 138-kV jumper (<0.1 mile) to connect the Canton switching station to the Canton Tap, including rerouting the Canton Tap line and adding a 138-kV terminal at the Canton switching station;
 - b. A new Apollo 138-kV switching station in the Teaselville-to-Palestine 138-kV transmission line;
 - c. Extend the Coffee-to-Jacksonville 138-kV transmission line into the new Apollo 138-kV switching station (0.5 miles);
 - d. Reconnector the existing Palestine-to-Palestine South switching station 138-kV transmission line;
 - e. Rebuild the existing Mabank Tap-to-Eustace Southeast switching station 138-kV transmission line;
 - f. A new Eustace Southeast 138-kV switching station; and
 - g. Rebuild the existing Forest Grove switching station-to-Eustace Southeast switching station 138-kV transmission line.

Application

23. On May 30, 2018, Rayburn and Lone Star (the applicants) filed their joint application with the Commission for (a) approval to transfer and integrate Rayburn's transfer load and transfer facilities currently in the SPP region into the ERCOT region; (b) approval of the option 2 transmission plan initially identified by ERCOT to integrate Rayburn's transfer load and transfer facilities; and (c) approval of the transfer of Rayburn's 10.8-mile Barton Chapel-to-Ben Wheeler 138-kV transmission line, associated 138-kV facilities, and associated CCN rights in Henderson and Van Zandt Counties to Lone Star.
24. No party objected to the sufficiency of the joint application.
25. In Order No. 2 issued on June 28, 2018, the ALJ found the joint application sufficient for further review.

Notice

26. On June 25, 2018, the applicants provided notice of the joint application by first-class mail to (a) county governments and incorporated municipalities within five miles of the transfer facilities; (b) each person that filed comments in Project No. 47342; (c) neighboring electric utilities within five miles of the affected Trinity Valley Electric Cooperative service area to be transferred into the ERCOT region, which included the owners of the interconnection points currently serving the transfer load; and (d) the Office of Public Utility Counsel (OPUC).
27. On June 29, 2018, notice of the joint application was published in the *Texas Register*.
28. Notice of the joint application was published in the following newspapers: (a) *Palestine Herald-Press*, a newspaper of general circulation in Anderson County, on June 28, 2018 and July 5, 2018; (b) *Athens Daily Review*, a newspaper of general circulation in Henderson County, on June 28, 2018 and July 6, 2018; (c) *Kaufman Herald*, a newspaper of general circulation in Kaufman County, on June 28, 2018 and July 5, 2018; and (d) *Van Zandt News*, a newspaper of general circulation in Van Zandt County, on July 1, 2018 and July 8, 2018.

29. SPP and ERCOT e-mailed notice of the joint application including the intervention deadline to their respective market participants on July 2, 2018 and July 5, 2018, respectively.
30. On July 2, 2018, postcard notice of the joint application was sent by United States Postal Service first-class mail to ratepayers served by Trinity Valley Electric Cooperative that would be transferred to the ERCOT region.
31. On September 17, 2018, the applicants filed the affidavit of Carrie Collier-Brown attesting that notice was mailed to affected counties and municipalities, neighboring utilities and persons who filed comments in Project No. 47342, emailed to participants in the SPP, and emailed to ERCOT market participants; the publisher's affidavits of employees of the *Palestine Herald-Press*, *Athens Daily Review*, *Kaufman Herald* and *Van Zandt News*; and the affidavit of Carl Galant attesting that notice was mailed to the customers of Trinity Valley Electric Cooperative.

Intervenors

32. In Order No. 3 issued on July 2, 2018, the ALJ granted intervenor status to ERCOT, SPP, and TIEC.
33. In Order No. 4 issued on August 17, 2018, the ALJ granted intervenor status to Mr. Jim Wise, Oncor, and ETEC.

Statement of Position and Pre-Filed Testimony

34. On May 29, 2018, in support of their joint application, the applicants filed the direct testimonies and exhibits of David A. Naylor, Aundrea N. Williams, Daniel J. Mayers, Dr. Mehriar Tabrizi, Carl N. Stover, Jr., and Evan C. Rowe.
35. On August 28, 2018:
 - a. SPP filed the direct testimonies and exhibits of Charles Locke and Antoine Lucas;
 - b. ERCOT filed the direct testimony and exhibits of Jeffrey Billo;
 - c. ETEC filed the direct testimony and exhibits of David M. Brian;
 - d. Oncor filed the direct testimonies and exhibits of Eithar Nashawati and Ellen E. Buck; and
 - e. TIEC filed the direct testimony and exhibits of Charles S. Griffey.

36. On September 11, 2018, Commission Staff filed the direct testimonies, exhibits, and workpapers of John Poole, Grant Gervais, and Reginald Tuvilla. Commission Staff filed errata to the direct testimony of Grant Gervais on September 24, 2018.
37. On September 25, 2018, the applicants filed the rebuttal testimonies of Carl N. Stover, Jr., Evan C. Rowe, and Dr. Mehriar Tabrizi; Rayburn filed the rebuttal testimony of David A. Naylor; and Lone Star filed the rebuttal testimony of David K. Turner, Daniel J. Mayers, and Aundrea N. Williams.
38. On September 25, 2018:
 - a. TIEC filed the cross rebuttal testimony of Charles S. Griffey; and
 - b. Oncor filed the cross rebuttal testimonies of Ellen E. Buck and Eithar Nashawati.
39. On October 24, 2018, intervenor Jim Wise filed a statement of position.

Hearing on the Application

40. In Order No. 3 issued on July, 2, 2018, a hearing on the merits of the application was set for October 16 and 17, 2018 before the Commission and notice of the hearing was provided to the parties through that order.
41. On September 27, 2018, Rayburn filed a motion to abate the procedural schedule in this docket stating that the parties believed there was an opportunity for settlement.
42. In Order No. 6 issued on October 1, 2018, the ALJ cancelled the hearing on the merits and abated the proceeding.
43. On November 29, 2018, an unopposed agreement was filed indicating the signatories' settlement and the terms of the settlement. The agreement included a proposed order for the Commission's consideration.
- 43A. On November 29, 2018, Rayburn filed the testimony and exhibits in support of the agreement of David A. Naylor. On November 30, 2019, Commission Staff filed the testimonies in support of the agreement of Grant Gervais and John Poole.
44. On November 29, 2018, the parties filed a joint motion to admit evidence.
45. In Order No. 9 issued on December 7, 2018, the ALJ entered into evidence the following:
 - (1) the application,
 - (2) all pre-filed direct and rebuttal testimonies,
 - (3) joint applicants'

affidavits of proof of notice, (4) the agreement, and (5) the testimonies in support of the agreement of David A. Naylor, Grant Gervais, and John Poole.

Agreement

46. The signatories agree that the integration of Rayburn's transfer load, transfer facilities, and the Barton Chapel-to-Ben Wheeler transmission line into the ERCOT region, consistent with the terms of the agreement, is in the public interest, reasonably holds customers in the ERCOT region harmless, and should be approved.
47. The signatories agree that Rayburn should be integrated into the ERCOT region using the Modified Alternative Option identified in the revised Integration Analysis—Addendum, filed on May 18, 2018, in Project No. 47342.
48. The signatories agree that the transfer load will be integrated into Rayburn's existing ERCOT non-opt-in-entity (NOIE) load zone.
49. The signatories agree that the following table identifies the components of the Modified Alternative Option and that the table properly identifies Rayburn or Oncor, or both, as the existing end-point owners of such components. Consistent with ERCOT Protocols, Rayburn and Oncor coordinated regarding the construction of the Modified Alternative Option facilities located at shared end points and reached agreement regarding which entity will construct those components. The signatories agree with the designation of transmission service providers (TSPs) for each component stated in the table below and support the Commission's confirmation of these designations in a final order.

Modified Alternative Option Component	Existing End Point Owners	Designated TSP
Connect Canton Switch Station to Canton Tap	Rayburn (Canton Tap) Oncor (Canton Switch)	Rayburn (line reroute at Canton Tap) Oncor (new 138 kV terminal at Canton Switch)
New Apollo 138 kV Switching Station in the Teaserville-Palestine 138 kV transmission line	Rayburn Oncor	Oncor

Extend the Coffee-Jacksonville 138 kV transmission line into new Apollo 138 kV Switching Station (0.5 miles)	Rayburn Oncor (Apollo)	Rayburn
Reconductor existing Palestine-Palestine South Switch Station 138 kV transmission line	Oncor	Oncor
Rebuild existing Mabank Tap-Eustace Southeast Switch Station 138 kV transmission line	Oncor	Oncor
New Eustace Southeast 138 kV Switch Station	Rayburn Oncor	Rayburn
Rebuild existing Forest Grove Switch Station-Eustace Southeast Switch Station 138 kV transmission line	Oncor	Oncor

50. The signatories agree that all construction and upgrades necessary to accomplish the integration of Rayburn into the ERCOT region are included in the Modified Alternative Option. Oncor and Rayburn agree to use their best efforts to ensure that all construction and upgrades necessary to accomplish the Rayburn integration will be in service by December 31, 2019 or a later integration date established by the day-for-day extension, ERCOT, or the Commission, so long as each facility is considered an exempt project not requiring a certificate of convenience and necessity amendment under 16 Texas Administrative Code (TAC) § 25.101(c)(5).
51. The signatories agree that Rayburn will be integrated into the ERCOT region by January 1, 2020 (the integration date), or some other date as may be required because either the transmission facilities necessary to integrate the transfer load into the ERCOT region are not operational by December 31, 2019, or any compliance or regulatory requirement is not complete by that date.
52. The signatories agree that ERCOT may postpone the integration date if ERCOT determines the integration of the transfer load into the ERCOT region will be a risk to the reliability

or adequacy of the ERCOT system due to the conditions of the system on the planned integration date.

53. The signatories agree to a day-for-day extension of the integration date after January 1, 2020 by the same number of days as it takes the Commission to make a final decision after December 31, 2018.
54. The signatories agree that each TSP designated to construct a component of the Modified Alternative Option will be responsible for the construction and associated costs of the facilities it is designated to construct.
55. The signatories agree that Rayburn's 10.8-mile Barton Chapel-to-Ben Wheeler 138-kV transmission line and the Ben Wheeler switching station (the Barton Chapel-to-Ben Wheeler transmission line) may be removed from the SPP and integrated into the ERCOT region system, subject to the following conditions:
 - a. The Barton Chapel-to-Ben Wheeler transmission line will be disconnected from SPP at its end point at the Ben Wheeler Switching Station.
 - b. Rayburn will continue to own the Barton Chapel-to-Ben Wheeler transmission line after its integration into the ERCOT region, and any proposal thereafter by Rayburn to transfer ownership of the line will be subject to approval by the Commission in a separate docket. The agreement does not prevent any signatory from supporting or opposing a proposed transfer of the Barton Chapel-to-Ben Wheeler transmission line in a future Commission docket.
 - c. Before integration of the transfer load and transfer facilities into the ERCOT region, the Barton Chapel-to-Ben Wheeler transmission line will be de-energized. The line will remain de-energized and be shown in ERCOT models as an outage unless and until Rayburn files in the integration monitoring project established by the Commission a notice of intent to energize the line with the Commission at least 80 days before the date Rayburn intends to re-energize the line. In the notice of intent to energize the line, Rayburn must explain the need to energize the line. Rayburn must notify, coordinate with, and obtain approval from ERCOT, and comply with all ERCOT requirements, including any applicable requirement for review by the ERCOT Regional Planning

Group, before any permanent energization of the Barton Chapel-to-Ben Wheeler transmission line.

- d. Rayburn's notice of intent to energize the line must be served on the signatories to the agreement, ERCOT, and Lone Star, including the relevant business and legal representatives of each as listed in this docket, when filed in the integration monitoring project.
- e. The Barton Chapel-to-Ben Wheeler transmission line and all costs associated therewith, including operation and maintenance expenses, will not be included in the calculation of rates regulated by the Commission unless and until the line is energized and Rayburn or any subsequent owner of the Barton Chapel-to-Ben Wheeler transmission line obtains a determination from the Commission that the line is used and useful in providing service to the public and the costs are reasonable and necessary for that service. An application that seeks to include the cost of the Barton Chapel-to-Ben Wheeler transmission line in rates regulated by the Commission must conspicuously identify the inclusion of the Barton Chapel-to-Ben Wheeler transmission line in the application and explain the need for the Barton Chapel-to-Ben Wheeler transmission line to serve customers in the ERCOT region, the load to be served, the alternatives to energization that were considered, and the basis for rejecting those alternatives.
- f. Rayburn must serve notice on the signatories to the agreement, ERCOT, and Lone Star, including the relevant business and legal representatives of each as listed in this docket, of any initial transmission-cost-of-service filing requesting approval to put the Barton Chapel-to-Ben Wheeler transmission line in rates.
- g. During any period that the Barton Chapel-to-Ben Wheeler transmission line remains de-energized, Rayburn may temporarily energize the line to test its operation. Periodic testing must not be a basis for claiming that the Barton Chapel-to-Ben Wheeler transmission line is used and useful for purposes of cost recovery in rates regulated by the Commission, and any costs associated with any such testing may not be included in rates regulated by the Commission. Rayburn must notify, coordinate with, and obtain approval from ERCOT, and comply with all ERCOT Protocols, including *other binding documents* as that term is used in the ERCOT Protocols, before any temporary energization of the Barton Chapel-to-Ben Wheeler transmission line.

56. The signatories agree that the Modified Alternative Option does not involve upgrades or new construction associated with the Barton Chapel-to-Ben Wheeler transmission line or within that line's right-of-way; accordingly, there will be no impacts to wetland habitat, animal habitat, or to rare or endangered native Texas flora habitat within the Barton Chapel-to-Ben Wheeler transmission line right-of-way as a result of the Rayburn integration.
57. The signatories agree that the Modified Alternative Option avoids \$8.9 million in costs that would otherwise have been incurred to upgrade the Eustace Southeast-to-Mabank transmission line to resolve thermal-criteria violations if the Rayburn integration did not occur. The Modified Alternative Option includes \$4 million in costs that were planned to be expended to upgrade the Forest Grove-to-Eustace Southeast transmission line to resolve the thermal-criteria violations if the Rayburn integration did not occur; accordingly, such \$4 million is not solely attributable to the Rayburn integration.
58. Beginning on the integration date, Rayburn will make a hold harmless payment of \$4.5 million each year for five years to ERCOT wholesale transmission customers through a wholesale-transmission-service credit rider. Rayburn must file an application for a wholesale-transmission-service credit rider at least four months before the integration date, to be effective upon the integration of Rayburn's transfer load to the ERCOT region. The signatories agree that this amount reasonably holds harmless customers in the ERCOT region for the expected net impacts of the Rayburn integration.
59. As soon as the data is available, Rayburn agrees to file with the Commission the transfer load's four-coincident-peak (4CP) demands consistent with the ERCOT 4CP for the year before its transfer load is expected to interconnect into the ERCOT system, for the purpose of calculating the overall ERCOT 4CP and for the purpose of properly charging Rayburn for wholesale transmission service.
60. The signatories agree that Rayburn must not be required in this docket to make any hold harmless payments to SWEPCO or any other SPP utility.
61. Rayburn agrees to pay the cost of the Rayburn integration impact studies conducted by ERCOT and SPP. ERCOT's study costs are \$52,746 and SPP's study costs are \$59,208.

The agreement states that these payments will occur within 60 calendar days following issuance of a final order consistent with the agreement.

62. Rayburn requests that the Commission open a separate monitoring project to monitor the integration process. The agreement states Rayburn and ERCOT must, on at least a quarterly basis, and any other party may at any time, file reports in that project providing updates or raising issues regarding the status of Rayburn's integration into the ERCOT region.
63. Rayburn agrees to disconnect its facilities at the three connection points to the SPP region, as set forth in Mr. David N. Naylor's testimony in support of the settlement agreement.
64. Rayburn agrees that the Barton Chapel-to-Ben Wheeler line must be disconnected from Wood County Electric Cooperative's Ben Wheeler substation before energization of that line to ensure that there is no commingling of electricity with SPP.
65. Rayburn agrees it will ensure that no commingling of energy between the SPP and ERCOT systems occurs during the period leading up to the integration date, during the physical disconnection of the transfer load from the SPP region and interconnection of the transfer load to the ERCOT region, and all times thereafter.
66. No signatory may take any action that would cause ERCOT or a market participant within the ERCOT region that is not a public utility under the Federal Power Act to become a public utility under the Federal Power Act or otherwise become subject to plenary jurisdiction of the Federal Energy Regulatory Commission.
67. Rayburn agrees to submit a transition plan to ERCOT, including a power-system analysis demonstrating that the reliability of the ERCOT system will be maintained throughout the integration, at least 90 days before the integration date. Rayburn also agrees to provide ERCOT with any necessary transmission modeling data as required by ERCOT Protocols, including *other binding documents* as that term is used in the ERCOT Protocols, and further agrees that it will take any action or provide any information reasonably requested by ERCOT or the Commission to integrate the transfer load to the ERCOT region.
68. Rayburn agrees that it may not disconnect the transfer load from the ERCOT system unless and until Rayburn obtains approval from the Commission and complies with any future

rule of the Commission that may govern the payment of an exit fee upon an entity seeking approval to depart the ERCOT region system.

Commission Findings

69. The integration into the ERCOT region of the transfer load, transfer facilities, and Barton Chapel-to-Ben Wheeler transmission line, under the terms of the agreement as approved by this Order, is reasonable and in the public interest.
70. The transmission plan identified by ERCOT as the Modified Alternative Option in the addendum to the Integration Analysis, filed on May 18, 2018 in Project No. 47342, is a reasonable plan for integrating the transfer load and transfer facilities into the ERCOT region.
71. All facilities and upgrades required to integrate Rayburn's transfer load and transfer facilities are identified in the Modified Alternative Option.
72. January 1, 2020 is a reasonable integration date unless either the transmission facilities necessary to integrate the transfer load and transfer facilities into the ERCOT region are not operational by January 1, 2020 or any compliance or regulatory requirement is not complete by that date. It is appropriate in either scenario for ERCOT to determine a new integration date, subject to the Commission's oversight, and provide notice of the new integration date to Rayburn, Oncor, SPP, and the Commission.
73. It is reasonable for ERCOT to make a determination on a new integration date no later than 30 days after Rayburn or Oncor, as appropriate, notifies ERCOT that all necessary facilities are not operational or that all compliance and regulatory requirements are not completed. Further, it is appropriate, in the case of a disagreement, for the issue of the new integration date to be brought to the Commission for resolution.
74. It is reasonable for ERCOT to have the discretion to postpone the date of integration if ERCOT determines the integration of the transfer load into the ERCOT region will be a risk to the reliability or adequacy of the ERCOT system due to the condition of the system on the planned integration date.
75. It is appropriate for ERCOT to provide notice to Rayburn, Oncor, SPP, and the Commission if a postponement in the integration date is necessary due to reliability or

resource adequacy needs of the ERCOT system and for ERCOT to request that a new integration date be determined by the Commission. It is reasonable for ERCOT to make such a request within 30 days after it determines that all reliability and adequacy issues have not been resolved.

76. It is also reasonable, if applicable, that ERCOT report to Rayburn, Oncor, SPP, and the Commission on the first of each month after January 1, 2020, that the reliability and adequacy needs of the ERCOT system preclude ERCOT from establishing a new integration date.
77. It is reasonable, given that Rayburn and Oncor own the endpoints included in the Modified Alternative Option, and given Rayburn's and Oncor's coordination and agreement under the ERCOT Protocols, that the Commission designate Rayburn and Oncor to construct the respective components of the Modified Alternative Option.
78. It is reasonable that Oncor and Rayburn use their best efforts to ensure that all construction and upgrades necessary to accomplish the integration of Rayburn into the ERCOT region are completed so that all required facilities will be in service by the integration date, or a later integration date established by ERCOT or the Commission, so long as each facility is considered an exempt project not requiring a certificate of convenience and necessity amendment under 16 TAC § 25.101(c)(5).
79. It is reasonable that each TSP designated to construct a component of the Modified Alternative Option be responsible for the construction and associated costs of the facilities the Commission designates it to construct.
80. The Modified Alternative Option integration plan does not involve upgrades or new construction associated with the Barton Chapel-to-Ben Wheeler transmission line or within that line's right-of-way, accordingly there will be no impacts to wetland habitat, animal habitat, or to rare or endangered native Texas flora habitat within the Barton Chapel-to-Ben Wheeler transmission line right-of-way as a result of the Rayburn integration.
81. It is reasonable and necessary for the Barton Chapel-to-Ben Wheeler 138-kV transmission line and the Ben Wheeler switching station to be disconnected from the SPP region.

82. It is reasonable and necessary that Rayburn maintain ownership of the Barton Chapel-to-Ben Wheeler transmission line and that line should not be transferred to Lone Star in this proceeding.
83. The Modified Alternative Option integration plan avoids \$8.9 million in costs that would otherwise have been incurred to upgrade the Eustace Southeast-to-Mabank transmission line to resolve thermal-criteria violations if the Rayburn integration did not occur. The Modified Alternative Option includes \$4 million in costs that were planned to be expended to upgrade the Forest Grove-to-Eustace Southeast transmission line to resolve the thermal-criteria violations if the Rayburn integration did not occur; accordingly, such \$4 million is not solely attributable to the Rayburn integration.
84. Rayburn's payment of \$4.5 million each year for five years to ERCOT wholesale transmission customers reasonably indemnifies customers in the ERCOT region for the expected net impacts of the Rayburn integration.
85. It is reasonable and necessary for Rayburn to calculate and provide to ERCOT and the Commission Rayburn's 4CP data for the transfer load for the calendar year before its expected integration date as soon as the data is available.
86. It is reasonable that Rayburn not be required in this docket to make any hold harmless payments to SWEPCO or any other SPP utility as a result of the Rayburn integration.
87. It is reasonable for Rayburn to pay \$52,746 to ERCOT and \$59,208 to SPP for their costs in completing the integration impact studies.
88. It is appropriate and necessary that Rayburn take actions and provide information required by ERCOT to integrate the transfer load into the ERCOT region to ensure that the reliability of the ERCOT system is maintained and that the Commission's jurisdiction over ERCOT and its market participants is protected during the course of the integration.
89. It is reasonable and necessary for Rayburn to provide all information and take all actions ERCOT deems necessary to facilitate the integration, including but not limited to the information and actions specified in the agreement.
90. It is reasonable and appropriate for the Commission to open a separate project to monitor the Rayburn integration process, and to require Rayburn and ERCOT on at least a quarterly

basis, and allow any other party at any time, to file reports in that project providing updates or raising issues regarding the status of the Rayburn integration.

91. It is reasonable and necessary to require that Rayburn take no action that would cause ERCOT or a market participant within the ERCOT region that is not a public utility under the Federal Power Act to become a public utility under that act or otherwise become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission.
92. It is reasonable and necessary to require that Rayburn and Oncor ensure that no commingling of energy between the SPP region and the ERCOT region occurs either before the integration date, during the physical disconnection of the transfer load from the SPP region and interconnection of the transfer load into the ERCOT region, and at all times thereafter.
93. It is reasonable and necessary for Rayburn to submit a transition plan to ERCOT, including a power-system analysis demonstrating that the reliability of the ERCOT system will be maintained throughout the integration, at least 90 days before the integration date; and to provide ERCOT with any necessary transmission modeling data required by ERCOT Protocols, including *other binding documents* as that term is used in the ERCOT Protocols, and to take any action or provide any information reasonably requested by ERCOT or the Commission to integrate the transfer load to the ERCOT region.
94. It is reasonable and necessary that Rayburn not disconnect the transfer load from the ERCOT system unless and until Rayburn obtains approval from the Commission and complies with any future rule or decision of the Commission that may govern the payment of an exit fee upon an entity seeking approval to depart the ERCOT region system.

Informal Disposition

95. More than 15 days have passed since the completion of notice provided in this proceeding.
96. Rayburn, Commission Staff, Oncor, Lone Star, ERCOT, SPP, ETEC, and Jim Wise are the only parties to this proceeding.
97. No hearing is necessary.
98. The decision is not adverse to any party.

99. The need to begin work on the Rayburn integration as soon as possible is good cause for an exception to the 20-day requirement in 16 TAC § 22.35(b)(2).

II. Conclusions of Law

1. Rayburn is an electric cooperative as defined in section 161.002 of the Texas Utilities Code and electric utility under PURA³ §§ 35.001 and 37.001.
2. The Commission has jurisdiction over this application under PURA §§ 14.001, 14.051, 35.001 through 35.009, 37.001 through 37.157, 39.151 and 39.203.
3. As a designated independent organization under PURA § 39.151(a), ERCOT has the authority to take those actions necessary to ensure the reliability and adequacy of the ERCOT system in the course of effectuating the Rayburn integration.
4. ERCOT Protocol § 3.4.5 applies to the integration of the transfer load into Rayburn's existing ERCOT NOIE load zone.
5. The applicants provided sufficient notice of this proceeding.
6. This docket was processed in accordance with the requirements of PURA, the Administrative Procedure Act,⁴ and the Commission's rules.
7. Under 16 TAC § 22.5(b), there is good cause to waive the 20-day notice requirement in 16 TAC § 22.35(b)(2).
8. The requirements for informal disposition under 16 TAC § 22.35 have been met in this case.
9. Any decision made by ERCOT under this Order is subject to appeal to the Commission as provided in 16 TAC § 22.251.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, and as conditions for granting the joint application, the Commission issues the following orders:

³ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016 (PURA).

⁴ Administrative Procedure Act, Tex. Gov't Code §§ 2001.001–.902.

1. The Commission authorizes Rayburn to integrate the transfer load and transfer facilities into the ERCOT region using the Modified Alternative Option in accordance with the agreement to the extent provided in this Order.
2. The Commission denies the applicants' request to transfer ownership of the Barton Chapel-to-Ben Wheeler transmission line and associated CCN rights from Rayburn to Lone Star.
3. All filings, notices, reports, or other information required by this Order to be given to the Commission must be filed in *Project to Monitor Rayburn Integration to ERCOT*, Project No. 49051.
4. Rayburn and ERCOT must on at least a quarterly basis, and any other party may at any time, file reports in Project No. 49051 providing updates or raising issues regarding the status of the Rayburn integration.
5. The date of integration of the transfer load into the ERCOT region will be January 1, 2020, extended day-for-day by the same number of days after December 31, 2018 that this Order is signed. Notwithstanding the day-for-day extension, and subject to ordering paragraphs 6, 7, 8, and 13, the integration may occur as early as January 1, 2020, if the transmission facilities necessary to integrate the transfer load into the ERCOT region are operational and all compliance and regulatory requirements are complete. If the integration is expected to occur on January 1, 2020 or a date falls between January 1, 2020 and the date determined by the first sentence of this ordering paragraph, Rayburn must provide notice of that expected integration date in Project No. 49501 at least 30 days before the expected integration date.
6. Oncor and Rayburn must give notice to ERCOT and the Commission if all facilities necessary for the Rayburn integration will not be operational or all compliance and regulatory requirements will not be completed in time to allow the Rayburn integration to be in service by the integration date as specified in the first sentence of ordering paragraph 5 or the date specified by ERCOT or the Commission under ordering paragraphs 7 or 8.
7. ERCOT may change the integration date if the transmission facilities necessary to integrate the transfer load into the ERCOT region are not operational by the integration date as

specified in the first sentence of ordering paragraph 5 or any compliance or regulatory requirement is not complete by that date. In either event, in accordance with this Order, ERCOT must, within 30 days of receiving the notice required by paragraph 6, specify a new integration date and provide notice of the new integration date to Rayburn, Oncor, SPP, and the Commission in Project No. 49051. The integration date established by ERCOT under this paragraph is subject to Commission oversight.

8. ERCOT may postpone the integration date if ERCOT determines the integration of the transfer load into ERCOT will be a risk to the reliability or adequacy of the ERCOT system due to the conditions of the system on the planned integration date. In the event that ERCOT determines it is necessary to delay the integration date due to the reliability or adequacy needs of the ERCOT system, ERCOT must provide notice to Rayburn, Oncor, SPP, and the Commission in Project No. 49051 and must request in that notice that the Commission determine a new integration date. In this event, then ERCOT must file a report in Project No. 49051 on the first of each month subsequent to this notice that ERCOT determines that the risk to the reliability or adequacy of the ERCOT system precludes the integration of Rayburn's transfer load and transfer facilities into the ERCOT region.
9. Rayburn must pay a total of \$4.5 million each year for five years to ERCOT wholesale transmission customers as agreed to by the signatories and described in finding of fact 58. Rayburn must submit an initial application to establish the wholesale transmission credit rider no later than four months before the integration date. Rayburn must apply annually, or more frequently as needed, to update its wholesale transmission credit rider rate to incorporate any changes to the ERCOT 4CP billing units.
10. In the event of a future transfer of Rayburn's transfer load out of the ERCOT system, Rayburn may not disconnect the transfer load from ERCOT unless and until Rayburn obtains approval from the Commission and complies with any future rule or decision of the Commission.
11. The Commission designates Rayburn and Oncor as the entities that must provide the Modified Alternative Option transmission facilities in accordance with the existing endpoint owner designations for each component in accordance with the agreement and this Order.

12. Rayburn and Oncor must use their best efforts to complete all activities to allow all facilities necessary for the integration of Rayburn into the ERCOT region to be in service by the integration date as specified in ordering paragraph 5 or the date specified by ERCOT or the Commission under ordering paragraphs 7 or 8.
13. The integration of the transfer load into the ERCOT system must not occur unless and until Rayburn has provided all information and taken all actions ERCOT deems necessary to facilitate the integration as required by this Order.
14. Rayburn, Oncor, and ERCOT must notify the Commission that the Rayburn integration will become operational no later than 48 hours before the integration becomes operational.
15. The transfer load must be integrated into Rayburn's existing ERCOT NOIE Load Zone.
16. Rayburn must pay \$52,746 to ERCOT and \$59,208 to SPP for their costs in completing the Commission-requested integration impact studies. These payments must occur no later than 60 days following the date of this Order. Rayburn must provide notice to the Commission of such payments to ERCOT and SPP in Project No. 49051.
17. Rayburn must calculate and file in Project No. 49051 Rayburn's 4CP data for the transfer load for the calendar year before its expected integration date as soon as the data is available.
18. Rayburn and Oncor must take no action that would cause ERCOT or a market participant within the ERCOT region that is not a public utility under the Federal Power Act to become a public utility under the Act or otherwise become subject to the plenary jurisdiction of FERC. Rayburn must ensure that no commingling of energy between the SPP and ERCOT systems occurs during the period leading up to the integration date, during the physical disconnection of the transfer load from SPP and interconnection of the transfer load into ERCOT, and at all times thereafter.
19. Rayburn must disconnect its facilities at the three connection points to the SPP region, as set forth in Mr. David N. Naylor's testimony in support of the settlement agreement.
20. Rayburn must disconnect the Barton Chapel-to-Ben Wheeler line from the Wood County Electric Cooperative's Ben Wheeler substation before energization of that line to ensure that there is no commingling of electricity with SPP.

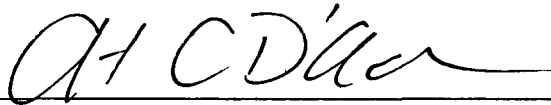
21. Rayburn's Barton Chapel-to-Ben Wheeler transmission line must be removed from SPP, subject to the conditions described in the agreement and as provided by this Order.
22. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as a binding holding or precedent as to the appropriateness of any principle or methodology underlying the agreement.
23. The Commission denies all other motions and any other request for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 13th day of March 2019.

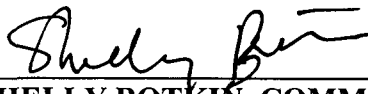
PUBLIC UTILITY COMMISSION OF TEXAS



DEANN T. WALKER, CHAIRMAN



ARTHUR C. D'ANDREA, COMMISSIONER



SHELLY BOTKIN, COMMISSIONER